

April 2012 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its April 19, 2012 public meeting. The summaries are produced by FERC's Office of External Affairs and are intended to provide only a general synopsis of the orders. These are not intended as a substitute for the Commission's official orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary found at www.ferc.gov.

E-3 & E-4 – Press Release

E-5 - Press Release

FERC conditionally accepts filing

E-1, *Midwest Independent Transmission System Operator, Inc. and Transmission Owners of the Midwest Independent Transmission System Operator, Inc.*, Docket No. ER12-480-000. The order conditionally accepts MISO and its transmission owners' proposal to establish a transition for the integration of Entergy into MISO.

During a five-year transition period, (1) MISO would apply its existing transmission planning processes to the Entergy region to identify necessary network upgrades, and (2) the cost of network upgrades approved before or during the transition period would not be shared between customers in the existing MISO footprint and Entergy region unless the upgrades terminate in both regions. After the transition period, (1) customers in both regions would begin sharing the cost of network upgrades approved after the transition period, if such sharing is required by the MISO tariff, and (2) if MISO is able to develop a portfolio of Multi-Value Projects approved before or during the transition period that satisfies a cost-benefit test, then regional sharing of the associated costs will be phased-in over eight years. The order finds the proposal to be just and reasonable and requires further explanation and tariff revisions on compliance, primarily to clarify the treatment of Multi-Value Projects.

FERC accepts compliance filing, subject to conditions

E-2, *PJM Interconnection, L.L.C.*, Docket No. ER09-1063-004. The order addresses a compliance filing made by PJM in response to the shortage pricing

requirements established by the Commission in Order No. 719. The order accepts PJM's filing as compliant with Order No. 719, subject to the requirement that PJM submit an additional compliance filing addressing, among other things, the operation of PJM's shortage pricing rules during emergency actions and the methods by which PJM will monitor non-synchronized reserves and the notification processes that will apply to alert the market that a primary reserve shortage is expected.

FERC approves final rule that updates certain reliability standards

E-6, *Version 4 Critical Infrastructure Protection Reliability Standards*, Docket No. RM11-11-000. This final rule approves the Version 4 CIP Reliability Standards submitted by the North American Electric Reliability Corp (NERC) and retires the currently-effective Version 3 CIP Reliability Standards. The CIP Reliability Standards provide a cyber-security framework for the identification and protection of "Critical Cyber Assets" associated with "Critical Assets" that support the reliable operation of the Bulk-Power System. The main difference between Version 3 and Version 4 is found in CIP-002-4 and involves a change in the way "Critical Assets" are identified. Specifically, Version 4 includes uniform "bright line" criteria for the identification of "Critical Assets," which replace the "risk-based assessment methodology" developed and applied by individual responsible entities under Version 3. The final rule does not include any new substantive directives, but it does provide NERC with guidance regarding achieving full compliance with the directives contained in Order No. 706. The final rule also imposes a deadline of March 31, 2013 by which time NERC must submit the next version of the CIP Reliability Standards and further requires NERC to provide quarterly status reports on its CIP development efforts.

FERC proposes to remand a reliability standard

E-7, *Transmission Planning Reliability Standards*, Docket No. RM12-1-000. This notice of proposed rulemaking (NOPR) proposes to remand proposed Reliability Standard TPL-001-2. The proposed Reliability Standard includes a provision in Table 1 (Steady State and Stability Performance Extreme Events), footnote 12 that would allow a transmission planner to plan for "non-consequential load loss," i.e., load shedding, following a single contingency provided that the plan is documented and alternatives are considered and subject to review in an open and transparent stakeholder process. As discussed in the NOPR, the Commission believes that this provision is vague and unenforceable because it does not adequately define the circumstances in which an entity can plan for non-consequential load loss following a single contingency. Accordingly, the Commission proposes to find that, with the inclusion of this provision, proposed TPL-001-2 does not meet the statutory criteria for approval that a mandatory

Reliability Standard must be just, reasonable, not unduly discriminatory or preferential, and in the public interest

FERC approves final rule remanding a proposed reliability standard modification to NERC

E-8, *Transmission Planning Reliability Standards*, Docket No. RM11-18-000. This final rule remands to NERC its proposed modification to Reliability Standard TPL-002, Table 1, footnote ‘b’ because it does not adequately clarify or define the circumstances in which an entity can plan to shed load for a single contingency. The final rule states that the proposed revision to footnote ‘b’ does not meet the directives in Order No. 693 to clarify footnote ‘b,’ nor is the proposal equally effective and efficient. The final rule also states that the proposed revision to footnote ‘b’ is vague, has limited enforceability, leaves undefined the circumstances in which it is allowable to plan to shed load for a single contingency and could result in inconsistent results in implementation.

FERC grants a compliance registry appeal; remands matter to NERC

E-9, *U.S. Department of Energy, Portsmouth/Paducah Project Office*, Docket No. RC08-5-001. This order grants the compliance registry appeal by United States Department of Energy, Portsmouth/Paducah Project Office (DOE Portsmouth). The order finds that DOE Portsmouth should not be registered as a load-serving entity because NERC failed to support its assertion that lessees and contractors on the site are DOE Portsmouth's separate end-use customers. The order directs NERC to remove DOE Portsmouth’s registration as a load-serving entity from the NERC compliance registry. In addition, the order remands this matter to NERC to either register the Ohio Valley Electric Corporation (OVEC) as the load-serving entity through the NERC compliance registration process or submit a filing within 90 days showing cause why OVEC should not be registered as a load-serving entity.

FERC denies appeal

E-10, *City of Holland, Michigan Board of Public Works*, Docket No. RC11-5-000. The order addresses the City of Holland, Michigan’s appeal of NERC’s registry decision that Holland is properly registered as a transmission owner and transmission operator. The order denies Holland’s appeal, finding that Holland’s facilities serve a transmission function and are not exempt from regulation under section 215 of the Federal Power Act as local distribution facilities. The order also finds that Holland’s looped system is not exempt as a radial facility, and finds that Holland has not otherwise demonstrated that its facilities are not necessary for Bulk-Power System reliability.

FERC approves a utility's base return on equity

E-11, *Southern California Edison Company*, Docket Nos. ER09-187-000, ER09-187-001 and ER10-160-000. This order on a consolidated paper hearing approves a base return on equity (ROE) of 10.04 percent in Docket Nos. ER09-187-000 and -001, and a base ROE of 10.33 percent in Docket No. ER10-160-000. for three transmission projects, Rancho Vista, Tehachapi and the California segment of the DPV2 project. In addition to the base ROEs approved for each project, certain rate incentives previously approved for each project will be added to the base ROEs approved here to establish the overall ROEs for each project. The consolidated paper hearing order sets a base ROE using the Discounted Cash Flow (DCF) methodology, as the Commission directed in its order establishing the consolidated paper hearing. The Commission also applied this methodology in its previous order setting SoCal Edison's base ROE for 2008 (Docket No. ER08-375-000). The methodology uses a national proxy group, screened for a range of risk factors that conform to Commission precedent to reflect risk and cost of capital determination, and sets the ROE using the median of the zone of reasonableness. Finally, the order would update the ROE, based upon Commission precedent.

FERC accepts tariff revisions, subject to a further compliance filing

E-12, *ISO New England, Inc. and New England Power Pool*, Docket No. ER12-1155-000. This order accepts tariff revisions to Market Rule 1 of ISO-NE's Transmission, Markets and Services Tariff to implement Coordinated Transaction Scheduling (CTS) between New England and New York over certain alternating current interfaces. The order is being acted on concurrently with an order on a filing made by the New York Independent System Operator in Docket No. ER12-701-000 to modify its Open Access Transmission Tariff to implement CTS (Item E-13). The adoption of CTS by the two regional entities is in response to the identification of inefficiencies under the current external transaction scheduling process. The order accepts, subject to a further compliance filing, the proposed tariff provisions to be effective on the date that CTS will become operational.

FERC accepts tariff provisions, subject to a further compliance filing

E-13, *New York Independent System Operator, Inc.*, Docket Nos. ER12-701-000, ER12-701-001. This order accepts tariff revisions to NYISO's Open Access Transmission Tariff to implement Coordinated Transaction Scheduling (CTS) between New York and New England over certain alternating current interfaces. The order is being acted on concurrently with an order on a filing made by ISO New England in Docket No. ER12-1155-000 to modify Market Rule 1 of ISO-NE's Transmission, Markets and Services Tariff (Item E-12). The adoption of CTS by the two regional entities is in response to the identification of

inefficiencies under the current external transaction scheduling process. The order accepts, subject to a further compliance filing, NYISO's proposed tariff provisions to be effective on the date that CTS will become operational.

E-17, Struck

FERC denies complaint

E-18, *PacifiCorp v. Utah Associated Municipal Power System*, Docket No. EL12-13-000 and ER12-336-000. The order denies PacifiCorp's complaint against Utah Associated Municipal Power Systems (UAMPS), which alleges that UAMPS is required to provide operating reserves for the Hunter II resource under the transmission operating agreement between PacifiCorp and UAMPS.

FERC accepts compliance filing, subject to revisions

G-1, *Kern River Gas Transmission Company*, Docket Nos. RP10-1410-001, RP10-1410-002, and RP10-1410-003. This order accepts Kern River's filing to comply with the Commission's reservation charge crediting policy, to be effective December 1, 2010, subject to revisions, and denies rehearing. Among other things, the order finds that Kern River's proposal concerning the credits to be provided during *force majeure* outages is not in compliance with Commission policy. The order also finds the proposal non-compliant with regard to the measurement of credits during outages, and with regard to limitations of the credits and the procedures for obtaining credits, among other things. The order denies BP Energy Company's request for rehearing of the Commission's April 21, 2011 order rejecting Kern River's September 30, 2010 filing to comply with the Commission's reservation charge crediting policy.

FERC addresses reserved issues in an otherwise settled case

G-2, *Tennessee Gas Pipeline Company, L.C.C.* Docket No. RP11-1566-003, *et al.* The order addresses all the reserved issues from a settlement that the Commission approved, on December 5, 2011, in Tennessee's general section 4 rate case. The settlement reserved for Commission decision certain issues raised on rehearing of the order on the technical conference in this case and in protests to a related compliance filing. Concerning whether the Commission should grant Tennessee's request for rehearing of its rejection of Tennessee's proposal to schedule out-of-path secondary firm service by price, the order grants in part and denies in part Tennessee's request for rehearing clarifying that Commission policy allows scheduling of secondary services according to price. The order also denies rehearing of the rejection of Tennessee's proposal to elevate the scheduling priority for firm transactions from a secondary receipt point to a primary delivery

point to the same level as transactions using both a primary receipt and primary delivery point. However, the order clarifies that pipelines may establish scheduling priorities that give secondary receipt to primary delivery point transactions priority over primary receipt to secondary delivery point transactions. The order also denies rehearing of the Commission's rejection of Tennessee's Regional Daily Imbalance Charge proposal, without prejudice to Tennessee submitting the proposal in a new NGA section 4 filing. The order otherwise generally accepts Tennessee's compliance filings to comply with the Commission's directives concerning its reservation charge crediting provisions, but rejects, among other things, Tennessee's proposal for a total exemption from reservation charge crediting where a service interruption is required by a government agency. The order explains that, in some circumstances, a governmental action may be treated as a *force majeure* event outside the pipeline's control, where partial credits are still required.

H-1, Struck

FERC clarifies order

H-2, *Turlock Irrigation District and Modesto Irrigation District*, Project No. 2299-076. The order responds to a request filed by Conservation Groups for final action on a proceeding on interim measures to protect fishery resources pending relicensing of the Don Pedro Project No. 2299. The project is located on the main stem of the Tuolumne River in Tuolumne County, in the Central Valley of California, about 115 miles east of San Francisco. The current license expires in 2016, and the relicensing process is underway. The order clarifies that, because the Commission previously found that interim measures are not warranted and the proceeding on interim measures concluded without either an agreement among the parties or a recommendation for Commission action, no final action is required with respect to that proceeding. The order also finds that, because some required studies are not yet complete and relicensing is now underway, it is not feasible to begin a new proceeding to reopen the license and determine whether to impose interim measures pending relicensing.

FERC grants, in part, a request for rehearing, and clarifies order

H-3, *Duke Energy Carolinas, LLC*, Project No. 2692-048. The order grants, in part, Duke Energy Carolinas, LLC's request for rehearing seeking revision and clarification of a number of conditions in the new license issued to it for the continued operation of the 43.2-megawatt Nantahala Project, located on the Nantahala River and two tributaries, Dicks Creek and White Oak Creek, in Macon and Clay Counties, North Carolina.

FERC grants authorization for a new compressor station and related facilities in Wisconsin

C-1, *ANR Pipeline Company*, Docket No. CP11-539-000. The order grants ANR a certificate of public convenience and necessity authorizing it to construct and operate the Marshfield Reduction Project (MRP), consisting of one new compressor station and appurtenant facilities in Portage County, Wisconsin. ANR also requested a predetermination that it may roll the costs associated with the MRP into its system rates in a future NGA section 4 rate case. This order grants an NGA section 7(c) certificate to ANR and grants ANR a rolled-in rate predetermination. The order also denies a protest by Northern States Power Company-Minnesota, a public utility and firm shipper on ANR.

C-2, Struck

C-3, Struck

C-6, Struck